

Internal Revenue Service

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In Re:

Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:INTL

PLR-110141-07

Date:

September 05, 2007

Taxpayer =

Domestic Owner =

Entity 1 =

Entity 2 =

Entity 3 =

Entity 4 =

Entity 5 =

Year 1 =

Year 2 =

Year 3 =

Year 4 =

Year 5 =

Year 6 =

Country A =

Country B =

Dear :

This is in response to a letter dated February 26, 2007, requesting an extension of time under Treas. Reg. § 301.9100-3 to file elections under Treas. Reg. § 1.1503-2(g)(2)(i) or Treas. Reg. § 1.1503-2T(g)(2)(i), as applicable (“Elections”), and annual certifications under Treas. Reg. § 1.1503-2(g)(2)(vi)(B) or Treas. Reg. § 1.1503-2T(g)(2)(vi)(B) as applicable (“Annual Certifications”), for Years 1 through 6 with respect to dual consolidated losses attributable to Entities 1 through 5. Additional information was submitted in a letter dated May 31, 2007. The information submitted for consideration is substantially as set forth below.

The ruling contained in this letter is predicated upon facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for a ruling. Verification of the factual information, representations, and other data may be required as a part of the audit process.

During Years 1 through 6, Domestic Owner, a member of Taxpayer’s consolidated group, owned 100 percent of the interests in Entity 1 which, in turn, owned 100 percent of the interests in Entity 2 and Entity 4. During Years 1 through 6, Entity 2 owned 100 percent of the interests in Entity 3 and Entity 5. Entities 1 through 5 were organized in Country A and, at all times during Years 1 through 6, were disregarded as entities separate from their owner for federal tax purposes.

During Years 1 through 6, the interests in Entities 3 through 5 were hybrid entity separate units as described in Treas. Reg. § 1.1503-2(c)(4). Dual consolidated losses were attributable to the interests in Entities 4 and 5 in Years 1 through 6; however, no dual consolidated losses were attributable to the interests in Entity 3 during such years.

During Years 1 through 6, Entity 1, Entity 2 and Entity 3 each had activities in Country A and Country B that constituted a foreign branch (“Entity 1 Branch”, “Entity 2 Branch” and “Entity 3 Branch”, respectively) within the meaning of Treas. Reg. § 1.367(a)-6T(g). Entity 1 Branch, Entity 2 Branch and Entity 3 Branch were separate units described in Treas. Reg. § 1.1503-2(c)(3)(i)(A). Dual consolidated losses were attributable to Entity 1 Branch, Entity 2 Branch and Entity 3 Branch during Years 1 through 6.

For Years 1 through 6, Taxpayer relied on its corporate tax department and its outside accountants to prepare and review its consolidated returns and to include the necessary Elections and Annual Certifications with its returns. Taxpayer's in-house return preparers inadvertently failed to include the necessary Elections and Annual Certifications with the returns for Years 1 through 6, and its outside accountants did not advise Taxpayer of the need to file the necessary Elections and Annual Certifications.

Taxpayer represents that the income tax laws of Country A do not deny the use of losses, expenses, or deductions of Entities 1 through 5 to offset income of another person because the dual resident corporation or separate unit is also subject to income taxation by another country on its worldwide income or on a residence basis.

Taxpayer represents that it filed this application for relief before the Internal Revenue Service discovered the failure to file the required Elections and Annual Certifications. Treas. Reg. § 301.9100-3(b)(1)(i).

Treas. Reg. § 301.9100-1(c) provides that the Commissioner has discretion to grant a taxpayer a reasonable extension of time, under the rules set forth in Treas. Reg. § 301.9100-3, to make a regulatory election under all subtitles of the Internal Revenue Code, except subtitles E, G, H, and I.

Treas. Reg. § 301.9100-1(b) provides that an election includes an application for relief in respect of tax, and defines a regulatory election as an election whose due date is prescribed by a regulation, a revenue ruling, revenue procedure, notice, or announcement.

Treas. Reg. § 301.9100-3(a) provides that requests for relief subject to this section will be granted when the taxpayer provides the evidence (including affidavits described in Treas. Reg. § 301.9100-3(e)) to establish to the satisfaction of the Commissioner that the taxpayer acted reasonably and in good faith, and the grant of relief will not prejudice the interests of the Government.

In the present situation, the Elections are regulatory elections as defined in Treas. Reg. § 301.9100-1(b). Therefore, the Commissioner has discretionary authority under Treas. Reg. § 301.9100-1(c) to grant Taxpayer an extension of time to make these filings, provided that Taxpayer satisfies the rules set forth in Treas. Reg. § 301.9100-3(a).

Based on the facts and information submitted, we conclude that Taxpayer satisfies Treas. Reg. § 301.9100-3(a). Accordingly, Taxpayer is granted an extension of time of 60 days from the date of this ruling letter to file the Elections with respect to the dual consolidated losses incurred in Years 1 through 6 attributable to Entity 1 Branch, Entity 2 Branch, Entity 3 Branch, and the interests in Entities 4 and 5. In addition, Taxpayer is granted an extension of time of 60 days from the date of this ruling letter to file the

Annual Certifications for Years 2 through 6 with respect to the dual consolidated losses attributable to the interests in Entities 4 and 5.

Taxpayer is not required to file annual certifications with respect to losses attributable to Entity 1 Branch, Entity 2 Branch and Entity 3 Branch, because Entity 1 Branch, Entity 2 Branch and Entity 3 Branch are separate units described in Treas. Reg. § 1.1503-2(c)(3)(i)(A) and, therefore, an extension of time is not necessary in this regard. Treas. Reg. § 1.1503-2(g)(2)(vi)(C).

The granting of an extension of time is not a determination that Taxpayer is otherwise eligible to file the election agreements and annual certifications. Treas. Reg. § 301.9100-1(a). For example, a taxpayer that is subject to mirror legislation enacted by a foreign country may be ineligible to file election agreements pursuant to Treas. Reg. § 1.1503-2(c)(15)(iv).

A copy of this ruling letter should be associated with the Elections and Annual Certifications that are the subject of this ruling.

This ruling is directed only to the taxpayer who requested it. I.R.C. § 6110(k)(3) provides that it may not be used or cited as precedent. No ruling has been requested, and none is expressed, as to the application of any other section of the Code or regulations to the facts presented.

Pursuant to a power of attorney on file in this office, a copy of this ruling letter is being furnished to Taxpayer's authorized representatives.

Sincerely,

John J. Merrick
Special Counsel
Office of Chief Counsel
(International)

Enclosure:
Copy for 6110 purposes

CC: